

1 AN ACT in relation to public employee benefits.

2 Be it enacted by the People of the State of Illinois,  
3 represented in the General Assembly:

4 Section 5. The Illinois Pension Code is amended by  
5 changing Sections 14-114, 14-119, 14-121, 14-128, 14-131,  
6 15-136, 15-136.3, 15-145, 15-155, 15-165, 16-133.1, 16-143.1,  
7 16-158, 17-119, and 17-122 and by adding Sections 14-114.1,  
8 15-137.1, 16-134.1, and 17-119.2 as follows:

9 (40 ILCS 5/14-114) (from Ch. 108 1/2, par. 14-114)

10 Sec. 14-114. Automatic increase in retirement annuity.

11 (a) Any person receiving a retirement annuity under this  
12 Article who retires having attained age 60, or who retires  
13 before age 60 having at least 35 years of creditable service,  
14 or who retires on or after January 1, 2001 at an age which,  
15 when added to the number of years of his or her creditable  
16 service, equals at least 85, shall, on January 1 next  
17 following the first full year of retirement, have the amount  
18 of the then fixed and payable monthly retirement annuity  
19 increased 3%. Any person receiving a retirement annuity  
20 under this Article who retires before attainment of age 60  
21 and with less than (i) 35 years of creditable service if  
22 retirement is before January 1, 2001, or (ii) the number of  
23 years of creditable service which, when added to the member's  
24 age, would equal 85, if retirement is on or after January 1,  
25 2001, shall have the amount of the fixed and payable  
26 retirement annuity increased by 3% on the January 1 occurring  
27 on or next following (1) attainment of age 60, or (2) the  
28 first anniversary of retirement, whichever occurs later.  
29 However, for persons who receive the alternative retirement  
30 annuity under Section 14-110, references in this subsection  
31 (a) to attainment of age 60 shall be deemed to refer to

1 attainment of age 55. For a person receiving early  
2 retirement incentives under Section 14-108.3 whose retirement  
3 annuity began after January 1, 1992 pursuant to an extension  
4 granted under subsection (e) of that Section, the first  
5 anniversary of retirement shall be deemed to be January 1,  
6 1993.

7 On each January 1 following the date of the initial  
8 increase under this subsection, the employee's monthly  
9 retirement annuity shall be increased by an additional 3%.

10 Beginning January 1, 1990, all automatic annual increases  
11 payable under this Section shall be calculated as a  
12 percentage of the total annuity payable at the time of the  
13 increase, including previous increases granted under this  
14 Article.

15 (b) The provisions of subsection (a) of this Section  
16 shall be applicable to an employee only if the employee makes  
17 the additional contributions required after December 31, 1969  
18 for the purpose of the automatic increases for not less than  
19 the equivalent of one full year. If an employee becomes an  
20 annuitant before his additional contributions equal one full  
21 year's contributions based on his salary at the date of  
22 retirement, the employee may pay the necessary balance of the  
23 contributions to the system, without interest, and be  
24 eligible for the increasing annuity authorized by this  
25 Section.

26 (c) The provisions of subsection (a) of this Section  
27 shall not be applicable to any annuitant who is on retirement  
28 on December 31, 1969, and thereafter returns to State  
29 service, unless the member has established at least one year  
30 of additional creditable service following reentry into  
31 service.

32 (d) In addition to other increases which may be provided  
33 by this Section, on January 1, 1981 any annuitant who was  
34 receiving a retirement annuity on or before January 1, 1971

1 shall have his retirement annuity then being paid increased  
 2 \$1 per month for each year of creditable service. On January  
 3 1, 1982, any annuitant who began receiving a retirement  
 4 annuity on or before January 1, 1977, shall have his  
 5 retirement annuity then being paid increased \$1 per month for  
 6 each year of creditable service.

7 On January 1, 1987, any annuitant who began receiving a  
 8 retirement annuity on or before January 1, 1977, shall have  
 9 the monthly retirement annuity increased by an amount equal  
 10 to 8¢ per year of creditable service times the number of  
 11 years that have elapsed since the annuity began.

12 (d-1) On July 1, 2001, every annuitant who began  
 13 receiving a retirement annuity before January 1, 1980 shall  
 14 have the monthly retirement annuity increased by whichever of  
 15 the following percentages is applicable:

- 16 5% if the annuity began in 1979;
- 17 10% if the annuity began in 1978;
- 18 14% if the annuity began in 1977;
- 19 14% if the annuity began in 1976;
- 20 18% if the annuity began in 1975;
- 21 23% if the annuity began in 1974;
- 22 32% if the annuity began in 1973 or before.

23 The increase under this subsection shall be calculated as  
 24 a percentage of the amount of the retirement annuity payable  
 25 on June 30, 2001, including any increases previously received  
 26 under this Article, and shall be included in the calculation  
 27 of increases granted thereafter under subsection (a).

28 (e) Every person who receives the alternative retirement  
 29 annuity under Section 14-110 and who is eligible to receive  
 30 the 3% increase under subsection (a) on January 1, 1986,  
 31 shall also receive on that date a one-time increase in  
 32 retirement annuity equal to the difference between (1) his  
 33 actual retirement annuity on that date, including any  
 34 increases received under subsection (a), and (2) the amount

1 of retirement annuity he would have received on that date if  
2 the amendments to subsection (a) made by Public Act 84-162  
3 had been in effect since the date of his retirement.

4 (Source: P.A. 91-927, eff. 12-14-00.)

5 (40 ILCS 5/14-114.1 new)

6 Sec. 14-114.1. Reduction of purchasing power; policy;  
7 report; increase.

8 (a) The General Assembly finds and declares that:

9 (1) The purchasing power of a fixed annuity can be  
10 eroded over time by the effects of inflation and  
11 increases in the general cost of living.

12 (2) For a person whose income consists primarily of  
13 a fixed annuity, the reduction in purchasing power  
14 resulting from increases in the cost of living can become  
15 catastrophic over time, transforming a once-comfortable  
16 retirement into a time of poverty and need.

17 (3) The State of Illinois is concerned about the  
18 effects that a significant reduction in purchasing power  
19 can have on the quality of life of its retired employees  
20 and their survivors.

21 (4) The General Assembly has previously addressed  
22 this concern by providing for automatic annual increases  
23 in retirement and survivor's annuities under this  
24 Article. Recognizing that these automatic annual  
25 increases, by themselves, are not a complete answer in  
26 times of high inflation, the General Assembly has also,  
27 from time to time, provided specific one-time increases  
28 in annuities for certain categories of annuitants.

29 (b) It is the public policy of this State and the  
30 intention of the General Assembly to protect annuitants  
31 against significant decreases in the purchasing power of the  
32 retirement and survivor's annuities granted under this  
33 Article.

1       (c) The System shall regularly review the changes that  
2 have occurred in the purchasing power of the retirement and  
3 survivor's annuities being paid under this Article, and it  
4 shall report to the General Assembly, the Governor, and the  
5 Pension Laws Commission whenever it determines that the  
6 original purchasing power of those annuities has been reduced  
7 by 20% or more for any category or group of annuitants. The  
8 System may include in the report its recommendations, if any,  
9 for legislative action to address its findings.

10       (d) As used in this Section, the term "retirement and  
11 survivor's annuities" means all annuities as defined in  
12 Section 14-103.18, other than disability benefits.

13       (40 ILCS 5/14-119) (from Ch. 108 1/2, par. 14-119)

14       Sec. 14-119. Amount of widow's annuity.

15       (a) The widow's annuity shall be 50% of the amount of  
16 retirement annuity payable to the member on the date of death  
17 while on retirement if an annuitant, or on the date of his  
18 death while in service if an employee, regardless of his age  
19 on such date, or on the date of withdrawal if death occurred  
20 after termination of service under the conditions prescribed  
21 in the preceding Section.

22       (b) If an eligible widow, regardless of age, has in her  
23 care any unmarried child or children of the member under age  
24 18 (under age 22 if a full-time student), the widow's annuity  
25 shall be increased in the amount of 5% of the retirement  
26 annuity for each such child, but the combined payments for a  
27 widow and children shall not exceed 66 2/3% of the member's  
28 earned retirement annuity.

29       The amount of retirement annuity from which the widow's  
30 annuity is derived shall be that earned by the member without  
31 regard to whether he attained age 60 prior to his withdrawal  
32 under the conditions stated or prior to his death.

33       (c) Adopted children shall be considered as children of

1 the member only if the proceedings for adoption were  
2 commenced at least 1 year prior to the member's death.

3 Marriage of a child shall render the child ineligible for  
4 further consideration in the increase in the amount of the  
5 widow's annuity.

6 Attainment of age 18 (age 22 if a full-time student)  
7 shall render a child ineligible for further consideration in  
8 the increase of the widow's annuity, but the annuity to the  
9 widow shall be continued thereafter, without regard to her  
10 age at that time.

11 (d) A widow's annuity payable on account of any covered  
12 employee who shall have been a covered employee for at least  
13 18 months shall be reduced by 1/2 of the amount of survivors  
14 benefits to which his beneficiaries are eligible under the  
15 provisions of the Federal Social Security Act, except that  
16 (1) the amount of any widow's annuity payable under this  
17 Article shall not be reduced by reason of any increase under  
18 that Act which occurs after the offset required by this  
19 subsection is first applied to that annuity, and (2) for  
20 benefits granted on or after January 1, 1992, the offset  
21 under this subsection (d) shall not exceed 50% of the amount  
22 of widow's annuity otherwise payable.

23 (e) Upon the death of a recipient of a widow's annuity  
24 the excess, if any, of the member's accumulated  
25 contributions plus credited interest over all annuity  
26 payments to the member and widow, exclusive of the \$500 lump  
27 sum payment, shall be paid to the named beneficiary of the  
28 widow, or if none has been named, to the estate of the widow,  
29 provided no reversionary annuity is payable.

30 (f) On January 1, 1981, any recipient of a widow's  
31 annuity who was receiving a widow's annuity on or before  
32 January 1, 1971, shall have her widow's annuity then being  
33 paid increased by 1% for each full year which has elapsed  
34 from the date the widow's annuity began. On January 1, 1982,

1 any recipient of a widow's annuity who began receiving a  
2 widow's annuity after January 1, 1971, but before January 1,  
3 1981, shall have her widow's annuity then being paid  
4 increased by 1% for each full year which has elapsed from the  
5 date the widow's annuity began. On January 1, 1987, any  
6 recipient of a widow's annuity who began receiving the  
7 widow's annuity on or before January 1, 1977, shall have the  
8 monthly widow's annuity increased by \$1 for each full year  
9 which has elapsed since the date the annuity began.

10 (f-1) On July 1, 2001, every recipient of a widow's  
11 annuity whose original annuity began before January 1, 1980  
12 shall have the monthly widow's annuity increased by whichever  
13 of the following percentages is applicable:

14 5% if the original annuity began in 1979;

15 10% if the original annuity began in 1978;

16 14% if the original annuity began in 1977;

17 14% if the original annuity began in 1976;

18 18% if the original annuity began in 1975;

19 23% if the original annuity began in 1974;

20 32% if the original annuity began in 1973 or before.

21 In the case of the survivor of a deceased annuitant who  
22 died while receiving a retirement annuity, "original annuity"  
23 means the deceased annuitant's retirement annuity; in all  
24 other cases, "original annuity" means the widow's annuity.

25 The increase under this subsection shall be calculated as  
26 a percentage of the amount of the widow's annuity payable on  
27 June 30, 2001, including any increases previously received  
28 under this Article, and shall be included in the calculation  
29 of increases granted thereafter under subsection (g).

30 (g) Beginning January 1, 1990, every widow's annuity  
31 shall be increased (1) on each January 1 occurring on or  
32 after the commencement of the annuity if the deceased member  
33 died while receiving a retirement annuity, or (2) in other  
34 cases, on each January 1 occurring on or after the first

1 anniversary of the commencement of the annuity, by an amount  
2 equal to 3% of the current amount of the annuity, including  
3 any previous increases under this Article. Such increases  
4 shall apply without regard to whether the deceased member was  
5 in service on or after the effective date of Public Act  
6 86-1488, but shall not accrue for any period prior to January  
7 1, 1990.

8 (Source: P.A. 90-448, eff. 8-16-97.)

9 (40 ILCS 5/14-121) (from Ch. 108 1/2, par. 14-121)

10 Sec. 14-121. Amount of survivors annuity. A survivors  
11 annuity beneficiary shall be entitled upon death of the  
12 member to a single sum payment of \$1,000, payable pro rata  
13 among all persons entitled thereto, together with a survivors  
14 annuity payable at the rates and under the conditions  
15 specified in this Article.

16 (a) If the survivors annuity beneficiary is a spouse,  
17 the survivors annuity shall be 30% of final average  
18 compensation subject to a maximum payment of \$400 per month.

19 (b) If an eligible child or children under the care of a  
20 spouse also survives the member, such spouse as natural  
21 guardian of the child or children shall receive, in addition  
22 to the foregoing annuity, 20% of final average compensation  
23 on account of each such child and 10% of final average  
24 compensation divided pro rata among such children, subject to  
25 a maximum payment on account of all survivor annuity  
26 beneficiaries of \$600 per month, or 80% of the member's final  
27 average compensation, whichever is the lesser.

28 (c) If the survivors annuity beneficiary or  
29 beneficiaries consists of an unmarried child or children, the  
30 amount of survivors annuity shall be 20% of final average  
31 compensation to each child, and 10% of final average  
32 compensation divided pro rata among all such children  
33 entitled to such annuity, subject to a maximum payment to all

1 children combined of \$600 per month or 80% of the member's  
2 final average compensation, whichever is the lesser.

3 (d) If the survivors annuity beneficiary is one or more  
4 dependent parents, the annuity shall be 20% of final average  
5 compensation to each parent and 10% of final average  
6 compensation divided pro rata among the parents who qualify  
7 for this annuity, subject to a maximum payment to both  
8 dependent parents of \$400 per month.

9 (e) The survivors annuity to the spouse, children or  
10 dependent parents of a member whose death occurs after the  
11 date of last withdrawal, or after retirement, or while in  
12 service following reentry into service after retirement but  
13 before completing 1 1/2 years of additional creditable  
14 service, shall not exceed the lesser of 80% of the member's  
15 earned retirement annuity at the date of death or the maximum  
16 previously established in this Section.

17 (f) In applying the limitation prescribed on the  
18 combined payments to 2 or more survivors annuity  
19 beneficiaries, the annuity on account of each beneficiary  
20 shall be reduced pro rata until such time as the number of  
21 beneficiaries makes the reduction no longer applicable.

22 (g) A survivors annuity payable on account of any  
23 covered employee who shall have been a covered employee for  
24 at least 18 months at date of death or last withdrawal,  
25 whichever is the later, shall be reduced by 1/2 of the  
26 survivors benefits to which his beneficiaries are eligible  
27 under the federal Social Security Act, except that (1) the  
28 survivors annuity payable under this Article shall not be  
29 reduced by any increase under that Act which occurs after the  
30 offset required by this subsection is first applied to that  
31 annuity, and (2) for benefits granted on or after January 1,  
32 1992, the offset under this subsection (g) shall not exceed  
33 50% of the amount of survivors annuity otherwise payable.

34 (h) The minimum payment to a beneficiary hereunder shall

1 be \$60 per month, which shall be reduced in accordance with  
2 the limitation prescribed on the combined payments to all  
3 beneficiaries of a member.

4 (i) Subject to the conditions set forth in Section  
5 14-120, the minimum total survivors annuity benefit payable  
6 to the survivors annuity beneficiaries of a deceased member  
7 or annuitant whose death occurs on or after January 1, 1984,  
8 shall be 50% of the amount of retirement annuity that was or  
9 would have been payable to the deceased on the date of death,  
10 regardless of the age of the deceased on such date. If the  
11 minimum total benefit provided by this subsection exceeds the  
12 maximum otherwise imposed by this Section, the minimum total  
13 benefit shall nevertheless be payable. Any increase in the  
14 total survivors annuity benefit resulting from the operation  
15 of this subsection shall be divided among the survivors  
16 annuity beneficiaries of the deceased in proportion to their  
17 shares of the total survivors annuity benefit otherwise  
18 payable under this Section.

19 (j) Any survivors annuity beneficiary whose annuity  
20 terminates due to any condition specified in this Article  
21 other than death shall be entitled to a refund of the excess,  
22 if any, of the accumulated contributions of the member plus  
23 credited interest over all payments to the member and  
24 beneficiary or beneficiaries, exclusive of the single sum  
25 payment of \$1,000, provided no future survivors or  
26 reversionary annuity benefits are payable.

27 (k) Upon the death of the last eligible recipient of a  
28 survivors annuity the excess, if any, of the member's  
29 accumulated contributions plus credited interest over all  
30 annuity payments to the member and survivors exclusive of the  
31 single sum payment of \$1000, shall be paid to the named  
32 beneficiary of the last eligible survivor, or if none has  
33 been named, to the estate of the last eligible survivor,  
34 provided no reversionary annuity is payable.

1           (1) On January 1, 1981, any survivor who was receiving a  
2 survivors annuity on or before January 1, 1971, shall have  
3 his survivors annuity then being paid increased by 1% for  
4 each full year which has elapsed from the date the annuity  
5 began. On January 1, 1982, any survivor who began receiving  
6 a survivor's annuity after January 1, 1971, but before  
7 January 1, 1981, shall have his survivor's annuity then being  
8 paid increased by 1% for each full year that has elapsed from  
9 the date the annuity began. On January 1, 1987, any survivor  
10 who began receiving a survivor's annuity on or before January  
11 1, 1977, shall have the monthly survivor's annuity increased  
12 by \$1 for each full year which has elapsed since the date the  
13 survivor's annuity began.

14           (m) Beginning January 1, 1990, every survivor's annuity  
15 shall be increased (1) on each January 1 occurring on or  
16 after the commencement of the annuity if the deceased member  
17 died while receiving a retirement annuity, or (2) in other  
18 cases, on each January 1 occurring on or after the first  
19 anniversary of the commencement of the annuity, by an amount  
20 equal to 3% of the current amount of the annuity, including  
21 any previous increases under this Article. Such increases  
22 shall apply without regard to whether the deceased member was  
23 in service on or after the effective date of Public Act  
24 86-1488, but shall not accrue for any period prior to January  
25 1, 1990.

26           (n) On July 1, 2001, every recipient of a survivor's  
27 annuity whose original annuity began before January 1, 1980  
28 shall have the monthly survivor's annuity increased by  
29 whichever of the following percentages is applicable:

- 30           5% if the original annuity began in 1979;
- 31           10% if the original annuity began in 1978;
- 32           14% if the original annuity began in 1977;
- 33           14% if the original annuity began in 1976;
- 34           18% if the original annuity began in 1975;

1           23% if the original annuity began in 1974;

2           32% if the original annuity began in 1973 or before.

3           In the case of the survivor of a deceased annuitant who  
4 died while receiving a retirement annuity, "original annuity"  
5 means the deceased annuitant's retirement annuity; in all  
6 other cases, "original annuity" means the survivor's annuity.

7           The increase under this subsection shall be calculated as  
8 a percentage of the amount of the survivor's annuity payable  
9 on June 30, 2001, including any increases previously received  
10 under this Article, and shall be included in the calculation  
11 of increases granted thereafter under subsection (m).

12         (Source: P.A. 86-273; 86-1488; 87-794.)

13           (40 ILCS 5/14-128) (from Ch. 108 1/2, par. 14-128)

14           Sec. 14-128. Occupational death benefit. An  
15 occupational death benefit is provided for a member of the  
16 System whose death, prior to retirement, is the proximate  
17 result of bodily injuries sustained or a hazard undergone  
18 while in the performance and within the scope of the member's  
19 duties.

20           (a) Conditions for payment.

21           Exclusive of the lump sum payment provided for herein,  
22 all annuities under this Section shall accrue and be payable  
23 for complete calendar months, beginning on the first day of  
24 the month next following the month in which the initiating  
25 event occurs and ending on the last day of the month in which  
26 the terminating event occurs.

27           The following named survivors of the member may be  
28 eligible for an annuity under this Section:

29           (i) The member's spouse.

30           (ii) An unmarried child of the member under age 18  
31 (under age 22 if a full-time student); an unmarried  
32 stepchild under age 18 (under age 22 if a full-time  
33 student) who has been such for at least one year at the

1 date of the member's death; an unmarried adopted child  
2 under age 18 (under age 22 if a full-time student) if the  
3 adoption proceedings were initiated at least one year  
4 prior to the death of the member; and an unmarried child  
5 over age 18 who is dependent by reason of a physical or  
6 mental disability, for so long as such physical or mental  
7 disability continues. For the purposes of this Section  
8 disability means inability to engage in any substantial  
9 gainful activity by reason of any medically determinable  
10 physical or mental impairment which can be expected to  
11 result in death or which has lasted or can be expected to  
12 last for a continuous period of not less than 12 months.

13 (iii) If no spouse or eligible children survive: a  
14 dependent parent of the member; a dependent step-parent  
15 by a marriage contracted before the member attained age  
16 18; or a dependent adopting parent by whom the member was  
17 adopted before he or she attained age 18.

18 The term "dependent" relating to an occupational death  
19 benefit means a survivor of the member who was receiving from  
20 the member at the date of the member's death at least 1/2 of  
21 the support for maintenance including board, lodging, medical  
22 care and like living costs.

23 Payment of the annuity shall continue until the  
24 occurrence of the following:

25 (1) remarriage before age 55 that occurs before the  
26 effective date of this amendatory Act of the 91st General  
27 Assembly or death, in the case of a surviving spouse;

28 (2) attainment of age 18 or termination of  
29 disability, death, or marriage, in the case of an  
30 eligible child;

31 (3) remarriage before age 55 or death, in the case  
32 of a dependent parent.

33 If none of the aforementioned beneficiaries is living at  
34 the date of death of the member, no occupational death

1 benefit shall be payable, but the nonoccupational death  
2 benefit shall be payable as provided in this Article.

3 The change made to this subsection by this amendatory Act  
4 of the 91st General Assembly (pertaining to remarriage prior  
5 to age 55) applies without regard to whether the deceased  
6 member was in service on or after the effective date of this  
7 amendatory Act.

8 (b) Amount of benefit.

9 The member's accumulated contributions plus credited  
10 interest shall be payable in a lump sum to such person as the  
11 member has nominated by written direction, duly acknowledged  
12 and filed with the Board, or if no such nomination to the  
13 estate of the member. When an annuitant is re-employed by a  
14 Department, the accumulated contributions plus credited  
15 interest payable on the member's account shall, if the member  
16 has not previously elected a reversionary annuity, consist of  
17 the excess, if any, of the member's total accumulated  
18 contributions plus credited interest for all creditable  
19 service over the total amount of all retirement annuity  
20 payments received by the member prior to death.

21 In addition to the foregoing payment, an annuity is  
22 provided for eligible survivors as follows:

23 (1) If the survivor is a spouse only, the annuity  
24 shall be 50% of the member's final average compensation.

25 (2) If the spouse has in his or her care an  
26 eligible child or children, the annuity shall be  
27 increased by an amount equal to 15% of the final average  
28 compensation on account of each such child, subject to a  
29 limitation on the combined annuities to a surviving  
30 spouse and children of 75% of final average compensation.

31 (3) If there is no surviving spouse, or if the  
32 surviving spouse dies or remarries while a child remains  
33 eligible, then each such child shall be entitled to an  
34 annuity of 15% of the deceased member's final average

1 compensation, subject to a limitation of 50% of final  
2 average compensation to all such children.

3 (4) If there is no surviving spouse or eligible  
4 children, then an annuity shall be payable to the  
5 member's dependent parents, equal to 25% of final average  
6 compensation to each such beneficiary.

7 If any annuity payable under this Section is less than  
8 the corresponding survivors annuity, the beneficiary or  
9 beneficiaries of the annuity under this Section may elect to  
10 receive the survivors annuity and the nonoccupational death  
11 benefit provided for in this Article in lieu of the annuity  
12 provided under this Section.

13 (c) Occupational death claims pending adjudication by  
14 the Industrial Commission or a ruling by the agency  
15 responsible for determining the liability of the State under  
16 the "Workers' Compensation Act" or "Workers' Occupational  
17 Diseases Act" shall be payable under Sections 14-120 and  
18 14-121 until a ruling or adjudication occurs, if the  
19 beneficiary or beneficiaries: (1) meet all conditions for  
20 payment as prescribed in this Article; and (2) execute an  
21 assignment of benefits payable as a result of adjudication by  
22 the Industrial Commission or a ruling by the agency  
23 responsible for determining the liability of the State under  
24 such Acts. The assignment shall be made to the System and  
25 shall be for an amount equal to the excess of benefits paid  
26 under Sections 14-120 and 14-121 over benefits payable as a  
27 result of adjudication of the workers' compensation claim  
28 computed from the date of death of the member.

29 (d) Every occupational death annuity payable under this  
30 Section shall be increased on each January 1 occurring on or  
31 after (i) January 1, 1990, or (ii) the first anniversary of  
32 the commencement of the annuity, whichever occurs later, by  
33 an amount equal to 3% of the current amount of the annuity,  
34 including any previous increases under this Article, without

1 regard to whether the deceased member was in service on the  
2 effective date of this amendatory Act of 1991.

3 (e) On July 1, 2001, every annuitant who began receiving  
4 an occupational death annuity before January 1, 1980 shall  
5 have the monthly annuity increased by whichever of the  
6 following percentages is applicable:

- 7 5% if the annuity began in 1979;
- 8 10% if the annuity began in 1978;
- 9 14% if the annuity began in 1977;
- 10 14% if the annuity began in 1976;
- 11 18% if the annuity began in 1975;
- 12 23% if the annuity began in 1974;
- 13 32% if the annuity began in 1973 or before.

14 The increase under this subsection shall be calculated as  
15 a percentage of the amount of the occupational death annuity  
16 payable on June 30, 2001, including any increases previously  
17 received under this Article, and shall be included in the  
18 calculation of increases granted thereafter under subsection  
19 (d).

20 (Source: P.A. 90-448, eff. 8-16-97; 91-887, eff. 7-6-00.)

21 (40 ILCS 5/14-131) (from Ch. 108 1/2, par. 14-131)  
22 Sec. 14-131. Contributions by State.

23 (a) The State shall make contributions to the System by  
24 appropriations of amounts which, together with other employer  
25 contributions from trust, federal, and other funds, employee  
26 contributions, investment income, and other income, will be  
27 sufficient to meet the cost of maintaining and administering  
28 the System on a 90% funded basis in accordance with actuarial  
29 recommendations.

30 For the purposes of this Section and Section 14-135.08,  
31 references to State contributions refer only to employer  
32 contributions and do not include employee contributions that  
33 are picked up or otherwise paid by the State or a department

1 on behalf of the employee.

2 (b) The Board shall determine the total amount of State  
3 contributions required for each fiscal year on the basis of  
4 the actuarial tables and other assumptions adopted by the  
5 Board, using the formulae formula in subsection (e) and  
6 subsection (e-1). The minimum contribution to the System to  
7 be made by the State for each fiscal year shall be the sum of  
8 the amount determined under subsection (e) and the amount  
9 determined under subsection (e-1).

10 The Board shall also determine a State contribution rate  
11 for each fiscal year, expressed as a percentage of payroll,  
12 based on the total required State contribution under  
13 subsections (e) and (e-1) for that fiscal year (less the  
14 amount received by the System from appropriations under  
15 Section 8.12 of the State Finance Act and Section 1 of the  
16 State Pension Funds Continuing Appropriation Act, if any, for  
17 the fiscal year ending on the June 30 immediately preceding  
18 the applicable November 15 certification deadline), the  
19 estimated payroll (including all forms of compensation) for  
20 personal services rendered by eligible employees, and the  
21 recommendations of the actuary.

22 For the purposes of this Section and Section 14.1 of the  
23 State Finance Act, the term "eligible employees" includes  
24 employees who participate in the System, persons who may  
25 elect to participate in the System but have not so elected,  
26 persons who are serving a qualifying period that is required  
27 for participation, and annuitants employed by a department as  
28 described in subdivision (a)(1) or (a)(2) of Section 14-111.

29 (c) Contributions shall be made by the several  
30 departments for each pay period by warrants drawn by the  
31 State Comptroller against their respective funds or  
32 appropriations based upon vouchers stating the amount to be  
33 so contributed. These amounts shall be based on the full  
34 rate certified by the Board under Section 14-135.08 for that

1 fiscal year.

2 (d) If an employee is paid from trust funds or federal  
3 funds, the department or other employer shall pay employer  
4 contributions from those funds to the System at the certified  
5 rate, unless the terms of the trust or the federal-State  
6 agreement preclude the use of the funds for that purpose, in  
7 which case the required employer contributions shall be paid  
8 by the State.

9 (e) For State fiscal years 2011 through 2045, the  
10 minimum contribution to the System to be made by the State  
11 under this subsection (e) for each fiscal year shall be an  
12 amount determined by the System to be sufficient to bring the  
13 total assets of the System up to 90% of the total actuarial  
14 liabilities of the System (other than the liabilities  
15 described in subsection (e-1) of this Section) by the end of  
16 State fiscal year 2045. In making these determinations, the  
17 required State contribution under this subsection (e) shall  
18 be calculated each year as a level percentage of payroll over  
19 the years remaining to and including fiscal year 2045 and  
20 shall be determined under the projected unit credit actuarial  
21 cost method.

22 For State fiscal years 1996 through 2010, the State  
23 contribution to the System under this subsection (e), as a  
24 percentage of the applicable employee payroll, shall be  
25 increased in equal annual increments so that by State fiscal  
26 year 2011, the State is contributing at the rate required  
27 under this Section; except that (i) for State fiscal year  
28 1998, for all purposes of this Code and any other law of this  
29 State, the certified percentage of the applicable employee  
30 payroll shall be 5.052% for employees earning eligible  
31 creditable service under Section 14-110 and 6.500% for all  
32 other employees, notwithstanding any contrary certification  
33 made under Section 14-135.08 before the effective date of  
34 this amendatory Act of 1997, and (ii) in the following

1 specified State fiscal years, the State contribution to the  
 2 System under this subsection (e) shall not be less than the  
 3 following indicated percentages of the applicable employee  
 4 payroll, even if the indicated percentage will produce a  
 5 State contribution in excess of the amount otherwise required  
 6 under this subsection and subsection (a): 9.8% in FY 1999;  
 7 10.0% in FY 2000; 10.2% in FY 2001; 10.4% in FY 2002; 10.6%  
 8 in FY 2003; 10.8% in FY 2004; 11.0% in FY 2005; 11.2% in FY  
 9 2006; 11.4% in FY 2007; 11.6% in FY 2008; and 11.8% in FY  
 10 2009.

11 Beginning in State fiscal year 2046, the minimum State  
 12 contribution under this subsection (e) for each fiscal year  
 13 shall be the amount needed to maintain the total assets of  
 14 the System at 90% of the total actuarial liabilities of the  
 15 System.

16 (e-1) The cost of the one-time increases granted by this  
 17 amendatory Act of the 92nd General Assembly under subsection  
 18 (d-1) of Section 14-114, subsection (f-1) of Section 14-119,  
 19 and subsection (n) of Section 14-121 shall be paid by the  
 20 State on a level dollar basis over a period of 10 years  
 21 beginning July 1, 2003. These contributions are in addition  
 22 to, and shall not be included in the calculation of, the  
 23 State contribution required under subsection (e), but shall  
 24 be included in the calculation of the annual payroll  
 25 percentage under subsection (b).

26 (Source: P.A. 89-136, eff. 7-14-95; 90-65, eff. 7-7-97.)

27 (40 ILCS 5/15-136) (from Ch. 108 1/2, par. 15-136)  
 28 Sec. 15-136. Retirement annuities - Amount. The  
 29 provisions of this Section 15-136 apply only to those  
 30 participants who are participating in the traditional benefit  
 31 package or the portable benefit package and do not apply to  
 32 participants who are participating in the self-managed plan.

33 (a) The amount of a participant's retirement annuity,

1 expressed in the form of a single-life annuity, shall be  
2 determined by whichever of the following rules is applicable  
3 and provides the largest annuity:

4 Rule 1: The retirement annuity shall be 1.67% of final  
5 rate of earnings for each of the first 10 years of service,  
6 1.90% for each of the next 10 years of service, 2.10% for  
7 each year of service in excess of 20 but not exceeding 30,  
8 and 2.30% for each year in excess of 30; or for persons who  
9 retire on or after January 1, 1998, 2.2% of the final rate of  
10 earnings for each year of service.

11 Rule 2: The retirement annuity shall be the sum of the  
12 following, determined from amounts credited to the  
13 participant in accordance with the actuarial tables and the  
14 prescribed rate of interest in effect at the time the  
15 retirement annuity begins:

16 (i) the normal annuity which can be provided on an  
17 actuarially equivalent basis, by the accumulated normal  
18 contributions as of the date the annuity begins; and

19 (ii) an annuity from employer contributions of an  
20 amount equal to that which can be provided on an  
21 actuarially equivalent basis from the accumulated normal  
22 contributions made by the participant under Section  
23 15-113.6 and Section 15-113.7 plus 1.4 times all other  
24 accumulated normal contributions made by the participant.

25 With respect to a police officer or firefighter who  
26 retires on or after August 14, 1998, the accumulated normal  
27 contributions taken into account under clauses (i) and (ii)  
28 of this Rule 2 shall include the additional normal  
29 contributions made by the police officer or firefighter under  
30 Section 15-157(a).

31 The amount of a retirement annuity calculated under this  
32 Rule 2 shall be computed solely on the basis of the  
33 participant's accumulated normal contributions, as specified  
34 in this Rule and defined in Section 15-116. Neither an

1 employee or employer contribution for early retirement under  
2 Section 15-136.2 nor any other employer contribution shall be  
3 used in the calculation of the amount of a retirement annuity  
4 under this Rule 2.

5 This amendatory Act of the 91st General Assembly is a  
6 clarification of existing law and applies to every  
7 participant and annuitant without regard to whether status as  
8 an employee terminates before the effective date of this  
9 amendatory Act.

10 Rule 3: The retirement annuity of a participant who is  
11 employed at least one-half time during the period on which  
12 his or her final rate of earnings is based, shall be equal to  
13 the participant's years of service not to exceed 30,  
14 multiplied by (1) \$96 if the participant's final rate of  
15 earnings is less than \$3,500, (2) \$108 if the final rate of  
16 earnings is at least \$3,500 but less than \$4,500, (3) \$120 if  
17 the final rate of earnings is at least \$4,500 but less than  
18 \$5,500, (4) \$132 if the final rate of earnings is at least  
19 \$5,500 but less than \$6,500, (5) \$144 if the final rate of  
20 earnings is at least \$6,500 but less than \$7,500, (6) \$156 if  
21 the final rate of earnings is at least \$7,500 but less than  
22 \$8,500, (7) \$168 if the final rate of earnings is at least  
23 \$8,500 but less than \$9,500, and (8) \$180 if the final rate  
24 of earnings is \$9,500 or more, except that the annuity for  
25 those persons having made an election under Section  
26 15-154(a-1) shall be calculated and payable under the  
27 portable retirement benefit program pursuant to the  
28 provisions of Section 15-136.4.

29 Rule 4: A participant who is at least age 50 and has 25  
30 or more years of service as a police officer or firefighter,  
31 and a participant who is age 55 or over and has at least 20  
32 but less than 25 years of service as a police officer or  
33 firefighter, shall be entitled to a retirement annuity of  
34 2 1/4% of the final rate of earnings for each of the first 10

1 years of service as a police officer or firefighter, 2 1/2%  
2 for each of the next 10 years of service as a police officer  
3 or firefighter, and 2 3/4% for each year of service as a  
4 police officer or firefighter in excess of 20. The  
5 retirement annuity for all other service shall be computed  
6 under Rule 1.

7 For purposes of this Rule 4, a participant's service as a  
8 firefighter shall also include the following:

9 (i) service that is performed while the person is  
10 an employee under subsection (h) of Section 15-107; and

11 (ii) in the case of an individual who was a  
12 participating employee employed in the fire department of  
13 the University of Illinois's Champaign-Urbana campus  
14 immediately prior to the elimination of that fire  
15 department and who immediately after the elimination of  
16 that fire department transferred to another job with the  
17 University of Illinois, service performed as an employee  
18 of the University of Illinois in a position other than  
19 police officer or firefighter, from the date of that  
20 transfer until the employee's next termination of service  
21 with the University of Illinois.

22 Rule 5: The retirement annuity of a participant who  
23 elected early retirement under the provisions of Section  
24 15-136.2 and who, on or before February 16, 1995, brought  
25 administrative proceedings pursuant to the administrative  
26 rules adopted by the System to challenge the calculation of  
27 his or her retirement annuity shall be the sum of the  
28 following, determined from amounts credited to the  
29 participant in accordance with the actuarial tables and the  
30 prescribed rate of interest in effect at the time the  
31 retirement annuity begins:

32 (i) the normal annuity which can be provided on an  
33 actuarially equivalent basis, by the accumulated normal  
34 contributions as of the date the annuity begins; and

1           (ii) an annuity from employer contributions of an  
2 amount equal to that which can be provided on an  
3 actuarially equivalent basis from the accumulated normal  
4 contributions made by the participant under Section  
5 15-113.6 and Section 15-113.7 plus 1.4 times all other  
6 accumulated normal contributions made by the participant;  
7 and

8           (iii) an annuity which can be provided on an  
9 actuarially equivalent basis from the employee  
10 contribution for early retirement under Section 15-136.2,  
11 and an annuity from employer contributions of an amount  
12 equal to that which can be provided on an actuarially  
13 equivalent basis from the employee contribution for early  
14 retirement under Section 15-136.2.

15         In no event shall a retirement annuity under this Rule 5  
16 be lower than the amount obtained by adding (1) the monthly  
17 amount obtained by dividing the combined employee and  
18 employer contributions made under Section 15-136.2 by the  
19 System's annuity factor for the age of the participant at the  
20 beginning of the annuity payment period and (2) the amount  
21 equal to the participant's annuity if calculated under Rule  
22 1, reduced under Section 15-136(b) as if no contributions had  
23 been made under Section 15-136.2.

24         With respect to a participant who is qualified for a  
25 retirement annuity under this Rule 5 whose retirement annuity  
26 began before the effective date of this amendatory Act of the  
27 91st General Assembly, and for whom an employee contribution  
28 was made under Section 15-136.2, the System shall recalculate  
29 the retirement annuity under this Rule 5 and shall pay any  
30 additional amounts due in the manner provided in Section  
31 15-186.1 for benefits mistakenly set too low.

32         The amount of a retirement annuity calculated under this  
33 Rule 5 shall be computed solely on the basis of those  
34 contributions specifically set forth in this Rule 5. Except

1 as provided in clause (iii) of this Rule 5, neither an  
2 employee nor employer contribution for early retirement under  
3 Section 15-136.2, nor any other employer contribution, shall  
4 be used in the calculation of the amount of a retirement  
5 annuity under this Rule 5.

6 The General Assembly has adopted the changes set forth in  
7 Section 25 of this amendatory Act of the 91st General  
8 Assembly in recognition that the decision of the Appellate  
9 Court for the Fourth District in *Mattis v. State Universities*  
10 *Retirement System et al.* might be deemed to give some right  
11 to the plaintiff in that case. The changes made by Section  
12 25 of this amendatory Act of the 91st General Assembly are a  
13 legislative implementation of the decision of the Appellate  
14 Court for the Fourth District in *Mattis v. State Universities*  
15 *Retirement System et al.* with respect to that plaintiff.

16 The changes made by Section 25 of this amendatory Act of  
17 the 91st General Assembly apply without regard to whether the  
18 person is in service as an employee on or after its effective  
19 date.

20 (b) The retirement annuity provided under Rules 1 and 3  
21 above shall be reduced by 1/2 of 1% for each month the  
22 participant is under age 60 at the time of retirement.  
23 However, this reduction shall not apply in the following  
24 cases:

25 (1) For a disabled participant whose disability  
26 benefits have been discontinued because he or she has  
27 exhausted eligibility for disability benefits under  
28 clause (6) of Section 15-152;

29 (2) For a participant who has at least the number  
30 of years of service required to retire at any age under  
31 subsection (a) of Section 15-135; or

32 (3) For that portion of a retirement annuity which  
33 has been provided on account of service of the  
34 participant during periods when he or she performed the

1 duties of a police officer or firefighter, if these  
2 duties were performed for at least 5 years immediately  
3 preceding the date the retirement annuity is to begin.

4 (c) The maximum retirement annuity provided under Rules  
5 1, 2, 4, and 5 shall be the lesser of (1) the annual limit of  
6 benefits as specified in Section 415 of the Internal Revenue  
7 Code of 1986, as such Section may be amended from time to  
8 time and as such benefit limits shall be adjusted by the  
9 Commissioner of Internal Revenue, and (2) 80% of final rate  
10 of earnings.

11 (d) An annuitant whose status as an employee terminates  
12 after August 14, 1969 shall receive automatic increases in  
13 his or her retirement annuity as follows:

14 Effective January 1 immediately following the date the  
15 retirement annuity begins, the annuitant shall receive an  
16 increase in his or her monthly retirement annuity of 0.125%  
17 of the monthly retirement annuity provided under Rule 1, Rule  
18 2, Rule 3, Rule 4, or Rule 5, contained in this Section,  
19 multiplied by the number of full months which elapsed from  
20 the date the retirement annuity payments began to January 1,  
21 1972, plus 0.1667% of such annuity, multiplied by the number  
22 of full months which elapsed from January 1, 1972, or the  
23 date the retirement annuity payments began, whichever is  
24 later, to January 1, 1978, plus 0.25% of such annuity  
25 multiplied by the number of full months which elapsed from  
26 January 1, 1978, or the date the retirement annuity payments  
27 began, whichever is later, to the effective date of the  
28 increase.

29 The annuitant shall receive an increase in his or her  
30 monthly retirement annuity on each January 1 thereafter  
31 during the annuitant's life of 3% of the monthly annuity  
32 provided under Rule 1, Rule 2, Rule 3, Rule 4, or Rule 5  
33 contained in this Section. The change made under this  
34 subsection by P.A. 81-970 is effective January 1, 1980 and

1 applies to each annuitant whose status as an employee  
2 terminates before or after that date.

3 Beginning January 1, 1990, all automatic annual increases  
4 payable under this Section shall be calculated as a  
5 percentage of the total annuity payable at the time of the  
6 increase, including all increases previously granted under  
7 this Article.

8 The change made in this subsection by P.A. 85-1008 is  
9 effective January 26, 1988, and is applicable without regard  
10 to whether status as an employee terminated before that date.

11 (e) If, on January 1, 1987, or the date the retirement  
12 annuity payment period begins, whichever is later, the sum of  
13 the retirement annuity provided under Rule 1 or Rule 2 of  
14 this Section and the automatic annual increases provided  
15 under the preceding subsection or Section 15-136.1, amounts  
16 to less than the retirement annuity which would be provided  
17 by Rule 3, the retirement annuity shall be increased as of  
18 January 1, 1987, or the date the retirement annuity payment  
19 period begins, whichever is later, to the amount which would  
20 be provided by Rule 3 of this Section. Such increased amount  
21 shall be considered as the retirement annuity in determining  
22 benefits provided under other Sections of this Article. This  
23 paragraph applies without regard to whether status as an  
24 employee terminated before the effective date of this  
25 amendatory Act of 1987, provided that the annuitant was  
26 employed at least one-half time during the period on which  
27 the final rate of earnings was based.

28 (f) A participant is entitled to such additional annuity  
29 as may be provided on an actuarially equivalent basis, by any  
30 accumulated additional contributions to his or her credit.  
31 However, the additional contributions made by the participant  
32 toward the automatic increases in annuity provided under this  
33 Section shall not be taken into account in determining the  
34 amount of such additional annuity.

1 (g) If, (1) by law, a function of a governmental unit,  
2 as defined by Section 20-107 of this Code, is transferred in  
3 whole or in part to an employer, and (2) a participant  
4 transfers employment from such governmental unit to such  
5 employer within 6 months after the transfer of the function,  
6 and (3) the sum of (A) the annuity payable to the participant  
7 under Rule 1, 2, or 3 of this Section (B) all proportional  
8 annuities payable to the participant by all other retirement  
9 systems covered by Article 20, and (C) the initial primary  
10 insurance amount to which the participant is entitled under  
11 the Social Security Act, is less than the retirement annuity  
12 which would have been payable if all of the participant's  
13 pension credits validated under Section 20-109 had been  
14 validated under this system, a supplemental annuity equal to  
15 the difference in such amounts shall be payable to the  
16 participant.

17 (h) On January 1, 1981, an annuitant who was receiving a  
18 retirement annuity on or before January 1, 1971 shall have  
19 his or her retirement annuity then being paid increased \$1  
20 per month for each year of creditable service. On January 1,  
21 1982, an annuitant whose retirement annuity began on or  
22 before January 1, 1977, shall have his or her retirement  
23 annuity then being paid increased \$1 per month for each year  
24 of creditable service.

25 (i) On January 1, 1987, any annuitant whose retirement  
26 annuity began on or before January 1, 1977, shall have the  
27 monthly retirement annuity increased by an amount equal to 8¢  
28 per year of creditable service times the number of years that  
29 have elapsed since the annuity began.

30 (j) On July 1, 2001, every annuitant who began receiving  
31 a retirement annuity before January 1, 1980 shall have the  
32 monthly retirement annuity increased by whichever of the  
33 following percentages is applicable:

34 5% if the annuity began in 1979;

- 1           10% if the annuity began in 1978;
- 2           14% if the annuity began in 1977;
- 3           14% if the annuity began in 1976;
- 4           18% if the annuity began in 1975;
- 5           23% if the annuity began in 1974;
- 6           32% if the annuity began in 1973 or before.

7           The increase under this subsection shall be calculated as  
 8           a percentage of the amount of the retirement annuity payable  
 9           on June 30, 2001, including any increases previously received  
 10          under this Article, and shall be included in the calculation  
 11          of increases granted thereafter under subsection (d).

12          (Source: P.A. 90-14, eff. 7-1-97; 90-65, eff. 7-7-97; 90-448,  
 13          eff. 8-16-97; 90-576, eff. 3-31-98; 90-655, eff. 7-30-98;  
 14          90-766, eff. 8-14-98; 91-887 (Sections 20 and 25), eff.  
 15          7-6-00; revised 8-31-00.)

16           (40 ILCS 5/15-136.3)

17           Sec. 15-136.3. Minimum retirement annuity.

18           (a) Beginning January 1, 1997, any person who is  
 19          receiving a monthly retirement annuity under this Article  
 20          which, after inclusion of (1) all one-time and automatic  
 21          annual increases to which the person is entitled, (2) any  
 22          supplemental annuity payable under Section 15-136.1, and (3)  
 23          any amount deducted under Section 15-138 or 15-140 to provide  
 24          a reversionary annuity, is less than the minimum monthly  
 25          retirement benefit amount specified in subsection (b) of this  
 26          Section, shall be entitled to a monthly supplemental payment  
 27          equal to the difference.

28           (b) For purposes of the calculation in subsection (a),  
 29          the minimum monthly retirement benefit amount is the sum of  
 30          \$25 for each year of service credit, up to a maximum of 30  
 31          years of service, plus the amount of the increase received by  
 32          the annuitant under subsection (j) of Section 15-136, if any.

33           (c) This Section applies to all persons receiving a

1 retirement annuity under this Article, without regard to  
2 whether or not employment terminated prior to the effective  
3 date of this Section.

4 (Source: P.A. 89-616, eff. 8-9-96.)

5 (40 ILCS 5/15-137.1 new)

6 Sec. 15-137.1. Reduction of purchasing power; policy;  
7 report; increase.

8 (a) The General Assembly finds and declares that:

9 (1) The purchasing power of a fixed annuity can be  
10 eroded over time by the effects of inflation and  
11 increases in the general cost of living.

12 (2) For a person whose income consists primarily of  
13 a fixed annuity, the reduction in purchasing power  
14 resulting from increases in the cost of living can become  
15 catastrophic over time, transforming a once-comfortable  
16 retirement into a time of poverty and need.

17 (3) The State of Illinois is concerned about the  
18 effects that a significant reduction in purchasing power  
19 can have on the quality of life of retired employees and  
20 their survivors.

21 (4) The General Assembly has previously addressed  
22 this concern by providing for automatic annual increases  
23 in retirement and survivor's annuities under this  
24 Article. Recognizing that these automatic annual  
25 increases, by themselves, are not a complete answer in  
26 times of high inflation, the General Assembly has also,  
27 from time to time, provided specific one-time increases  
28 in annuities for certain categories of annuitants.

29 (b) It is the public policy of this State and the  
30 intention of the General Assembly to protect annuitants  
31 against significant decreases in the purchasing power of the  
32 retirement and survivor's annuities granted under this  
33 Article.

1       (c) The System shall regularly review the changes that  
 2 have occurred in the purchasing power of the retirement and  
 3 survivor's annuities being paid under this Article, and it  
 4 shall report to the General Assembly, the Governor, and the  
 5 Pension Laws Commission whenever it determines that the  
 6 original purchasing power of those annuities has been reduced  
 7 by 20% or more for any category or group of annuitants. The  
 8 System may include in the report its recommendations, if any,  
 9 for legislative action to address its findings.

10       (d) As used in this Section, the term "retirement and  
 11 survivor's annuities" means all retirement annuities and  
 12 those survivors insurance benefits payable in the form of an  
 13 annuity.

14       (e) This Section does not apply to any benefits under  
 15 the self-managed plan.

16       (40 ILCS 5/15-145) (from Ch. 108 1/2, par. 15-145)  
 17       Sec. 15-145. Survivors insurance benefits; conditions  
 18 and amounts.

19       (a) The survivors insurance benefits provided under this  
 20 Section shall be payable to the eligible survivors of a  
 21 participant covered under the traditional benefit package  
 22 upon the death of (1) a participating employee with at least  
 23 1 1/2 years of service, (2) a participant who terminated  
 24 employment with at least 10 years of service, and (3) an  
 25 annuitant in receipt of a retirement annuity or disability  
 26 retirement annuity under this Article.

27       Service under the State Employees' Retirement System of  
 28 Illinois, the Teachers' Retirement System of the State of  
 29 Illinois and the Public School Teachers' Pension and  
 30 Retirement Fund of Chicago shall be considered in determining  
 31 eligibility for survivors benefits under this Section.

32       If by law, a function of a governmental unit, as defined  
 33 by Section 20-107, is transferred in whole or in part to an

1 employer, and an employee transfers employment from this  
2 governmental unit to such employer within 6 months after the  
3 transfer of this function, the service credits in the  
4 governmental unit's retirement system which have been  
5 validated under Section 20-109 shall be considered in  
6 determining eligibility for survivors benefits under this  
7 Section.

8 (b) A surviving spouse of a deceased participant, or of  
9 a deceased annuitant who did not take a refund or additional  
10 annuity consisting of accumulated survivors insurance  
11 contributions, shall receive a survivors annuity of 30% of  
12 the final rate of earnings. Payments shall begin on the day  
13 following the participant's or annuitant's death or the date  
14 the surviving spouse attains age 50, whichever is later, and  
15 continue until the death of the surviving spouse. The  
16 annuity shall be payable to the surviving spouse prior to  
17 attainment of age 50 if the surviving spouse has in his or  
18 her care a deceased participant's or annuitant's dependent  
19 unmarried child under age 18 (under age 22 if a full-time  
20 student) who is eligible for a survivors annuity. Remarriage  
21 of a surviving spouse prior to attainment of age 55 that  
22 occurs before the effective date of this amendatory Act of  
23 the 91st General Assembly shall disqualify him or her for the  
24 receipt of a survivors annuity.

25 (c) Each dependent unmarried child under age 18 (under  
26 age 22 if a full-time student) of a deceased participant, or  
27 of a deceased annuitant who did not take a refund or  
28 additional annuity consisting of accumulated survivors  
29 insurance contributions, shall receive a survivors annuity  
30 equal to the sum of (1) 20% of the final rate of earnings,  
31 and (2) 10% of the final rate of earnings divided by the  
32 number of children entitled to this benefit. Payments shall  
33 begin on the day following the participant's or annuitant's  
34 death and continue until the child marries, dies, or attains

1 age 18 (age 22 if a full-time student). If the child is in  
2 the care of a surviving spouse who is eligible for survivors  
3 insurance benefits, the child's benefit shall be paid to the  
4 surviving spouse.

5 Each unmarried child over age 18 of a deceased  
6 participant or of a deceased annuitant who had a survivor's  
7 insurance beneficiary at the time of his or her retirement,  
8 and who was dependent upon the participant or annuitant by  
9 reason of a physical or mental disability which began prior  
10 to the date the child attained age 18 (age 22 if a full-time  
11 student), shall receive a survivor's annuity equal to the sum  
12 of (1) 20% of the final rate of earnings, and (2) 10% of the  
13 final rate of earnings divided by the number of children  
14 entitled to survivors benefits. Payments shall begin on the  
15 day following the participant's or annuitant's death and  
16 continue until the child marries, dies, or is no longer  
17 disabled. If the child is in the care of a surviving spouse  
18 who is eligible for survivors insurance benefits, the child's  
19 benefit may be paid to the surviving spouse. For the  
20 purposes of this Section, disability means inability to  
21 engage in any substantial gainful activity by reason of any  
22 medically determinable physical or mental impairment that can  
23 be expected to result in death or that has lasted or can be  
24 expected to last for a continuous period of at least one  
25 year.

26 (d) Each dependent parent of a deceased participant, or  
27 of a deceased annuitant who did not take a refund or  
28 additional annuity consisting of accumulated survivors  
29 insurance contributions, shall receive a survivors annuity  
30 equal to the sum of (1) 20% of final rate of earnings, and  
31 (2) 10% of final rate of earnings divided by the number of  
32 parents who qualify for the benefit. Payments shall begin  
33 when the parent reaches age 55 or the day following the  
34 participant's or annuitant's death, whichever is later, and

1 continue until the parent dies. Remarriage of a parent prior  
2 to attainment of age 55 shall disqualify the parent for the  
3 receipt of a survivors annuity.

4 (e) In addition to the survivors annuity provided above,  
5 each survivors insurance beneficiary shall, upon death of the  
6 participant or annuitant, receive a lump sum payment of  
7 \$1,000 divided by the number of such beneficiaries.

8 (f) The changes made in this Section by Public Act  
9 81-712 pertaining to survivors annuities in cases of  
10 remarriage prior to age 55 shall apply to each survivors  
11 insurance beneficiary who remarries after June 30, 1979,  
12 regardless of the date that the participant or annuitant  
13 terminated his employment or died.

14 The change made to this Section by this amendatory Act of  
15 the 91st General Assembly, pertaining to remarriage prior to  
16 age 55, applies without regard to whether the deceased  
17 participant or annuitant was in service on or after the  
18 effective date of this amendatory Act of the 91st General  
19 Assembly.

20 (g) On January 1, 1981, any person who was receiving a  
21 survivors annuity on or before January 1, 1971 shall have the  
22 survivors annuity then being paid increased by 1% for each  
23 full year which has elapsed from the date the annuity began.  
24 On January 1, 1982, any survivor whose annuity began after  
25 January 1, 1971, but before January 1, 1981, shall have the  
26 survivor's annuity then being paid increased by 1% for each  
27 year which has elapsed from the date the survivor's annuity  
28 began. On January 1, 1987, any survivor who began receiving a  
29 survivor's annuity on or before January 1, 1977, shall have  
30 the monthly survivor's annuity increased by \$1 for each full  
31 year which has elapsed since the date the survivor's annuity  
32 began.

33 (g-1) On July 1, 2001, every recipient of a survivor's  
34 annuity whose original annuity began before January 1, 1980

1 shall have the monthly survivor's annuity increased by  
2 whichever of the following percentages is applicable:

3 5% if the original annuity began in 1979;

4 10% if the original annuity began in 1978;

5 14% if the original annuity began in 1977;

6 14% if the original annuity began in 1976;

7 18% if the original annuity began in 1975;

8 23% if the original annuity began in 1974;

9 32% if the original annuity began in 1973 or before.

10 In the case of the survivor of a deceased annuitant who  
11 died while receiving a retirement annuity, "original annuity"  
12 means the deceased annuitant's retirement annuity; in all  
13 other cases, "original annuity" means the survivor's annuity.

14 The increase under this subsection shall be calculated as  
15 a percentage of the amount of the survivor's annuity payable  
16 on June 30, 2001, including any increases previously received  
17 under this Article, and shall be included in the calculation  
18 of increases granted thereafter under subsection (j).

19 (h) If the sum of the lump sum and total monthly  
20 survivor benefits payable under this Section upon the death  
21 of a participant amounts to less than the sum of the death  
22 benefits payable under items (2) and (3) of Section 15-141,  
23 the difference shall be paid in a lump sum to the beneficiary  
24 of the participant who is living on the date that this  
25 additional amount becomes payable.

26 (i) If the sum of the lump sum and total monthly  
27 survivor benefits payable under this Section upon the death  
28 of an annuitant receiving a retirement annuity or disability  
29 retirement annuity amounts to less than the death benefit  
30 payable under Section 15-142, the difference shall be paid to  
31 the beneficiary of the annuitant who is living on the date  
32 that this additional amount becomes payable.

33 (j) Effective on the later of (1) January 1, 1990, or  
34 (2) the January 1 on or next after the date on which the

1 survivor annuity begins, if the deceased member died while  
2 receiving a retirement annuity, or in all other cases the  
3 January 1 nearest the first anniversary of the date the  
4 survivor annuity payments begin, every survivors insurance  
5 beneficiary shall receive an increase in his or her monthly  
6 survivors annuity of 3%. On each January 1 after the initial  
7 increase, the monthly survivors annuity shall be increased by  
8 3% of the total survivors annuity provided under this  
9 Article, including previous increases provided by this  
10 subsection. Such increases shall apply to the survivors  
11 insurance beneficiaries of each participant and annuitant,  
12 whether or not the employment status of the participant or  
13 annuitant terminates before the effective date of this  
14 amendatory Act of 1990. This subsection (j) also applies to  
15 persons receiving a survivor annuity under the portable  
16 benefit package.

17 (k) If the Internal Revenue Code of 1986, as amended,  
18 requires that the survivors benefits be payable at an age  
19 earlier than that specified in this Section the benefits  
20 shall begin at the earlier age, in which event, the  
21 survivor's beneficiary shall be entitled only to that amount  
22 which is equal to the actuarial equivalent of the benefits  
23 provided by this Section.

24 (l) The changes made to this Section and Section 15-131  
25 by this amendatory Act of 1997, relating to benefits for  
26 certain unmarried children who are full-time students under  
27 age 22, apply without regard to whether the deceased member  
28 was in service on or after the effective date of this  
29 amendatory Act of 1997. These changes do not authorize the  
30 repayment of a refund or a re-election of benefits, and any  
31 benefit or increase in benefits resulting from these changes  
32 is not payable retroactively for any period before the  
33 effective date of this amendatory Act of 1997.

34 (Source: P.A. 90-448, eff. 8-16-97; 90-766, eff. 8-14-98;

1 91-887, eff. 7-6-00.)

2 (40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)

3 Sec. 15-155. Employer contributions.

4 (a) The State of Illinois shall make contributions by  
5 appropriations of amounts which, together with the other  
6 employer contributions from trust, federal, and other funds,  
7 employee contributions, income from investments, and other  
8 income of this System, will be sufficient to meet the cost of  
9 maintaining and administering the System on a 90% funded  
10 basis in accordance with actuarial recommendations.

11 The Board shall determine the amount of State  
12 contributions required for each fiscal year on the basis of  
13 the actuarial tables and other assumptions adopted by the  
14 Board and the recommendations of the actuary, using the  
15 formulae formula in subsection (a-1) and subsection (a-2).  
16 The minimum contribution to the System to be made by the  
17 State for each fiscal year shall be the sum of the amount  
18 determined under subsection (a-1) and the amount determined  
19 under subsection (a-2).

20 (a-1) For State fiscal years 2011 through 2045, the  
21 minimum contribution to the System to be made by the State  
22 for each fiscal year shall be an amount determined by the  
23 System to be sufficient to bring the total assets of the  
24 System up to 90% of the total actuarial liabilities of the  
25 System (other than the liabilities described in subsection  
26 (a-2) of this Section) by the end of State fiscal year 2045.  
27 In making these determinations, the required State  
28 contribution shall be calculated each year as a level  
29 percentage of payroll over the years remaining to and  
30 including fiscal year 2045 and shall be determined under the  
31 projected unit credit actuarial cost method.

32 For State fiscal years 1996 through 2010, the State  
33 contribution to the System, as a percentage of the applicable

1 employee payroll, shall be increased in equal annual  
2 increments so that by State fiscal year 2011, the State is  
3 contributing at the rate required under this Section.

4 Beginning in State fiscal year 2046, the minimum State  
5 contribution for each fiscal year shall be the amount needed  
6 to maintain the total assets of the System at 90% of the  
7 total actuarial liabilities of the System.

8 (a-2) The cost of the one-time increases granted by this  
9 amendatory Act of the 92nd General Assembly under subsection  
10 (j) of Section 15-136, subsection (b) of Section 15-136.3  
11 (insofar as it derives from that subsection (j) increase),  
12 and subsection (g-1) of Section 15-145 shall be paid by the  
13 State on a level dollar basis over a period of 10 years  
14 beginning July 1, 2003. These contributions are in addition  
15 to, and shall not be included in in the calculation of, the  
16 State contribution required under subsection (a-1).

17 (b) If an employee is paid from trust or federal funds,  
18 the employer shall pay to the Board contributions from those  
19 funds which are sufficient to cover the accruing normal costs  
20 on behalf of the employee. However, universities having  
21 employees who are compensated out of local auxiliary funds,  
22 income funds, or service enterprise funds are not required to  
23 pay such contributions on behalf of those employees. The  
24 local auxiliary funds, income funds, and service enterprise  
25 funds of universities shall not be considered trust funds for  
26 the purpose of this Article, but funds of alumni  
27 associations, foundations, and athletic associations which  
28 are affiliated with the universities included as employers  
29 under this Article and other employers which do not receive  
30 State appropriations are considered to be trust funds for the  
31 purpose of this Article.

32 (b-1) The City of Urbana and the City of Champaign shall  
33 each make employer contributions to this System for their  
34 respective firefighter employees who participate in this

1 System pursuant to subsection (h) of Section 15-107. The  
2 rate of contributions to be made by those municipalities  
3 shall be determined annually by the Board on the basis of the  
4 actuarial assumptions adopted by the Board and the  
5 recommendations of the actuary, and shall be expressed as a  
6 percentage of salary for each such employee. The Board shall  
7 certify the rate to the affected municipalities as soon as  
8 may be practical. The employer contributions required under  
9 this subsection shall be remitted by the municipality to the  
10 System at the same time and in the same manner as employee  
11 contributions.

12 (c) Through State fiscal year 1995: The total employer  
13 contribution shall be apportioned among the various funds of  
14 the State and other employers, whether trust, federal, or  
15 other funds, in accordance with actuarial procedures approved  
16 by the board. State of Illinois contributions for employers  
17 receiving State appropriations for personal services shall be  
18 payable from appropriations made to the employers or to the  
19 System. The contributions for Class I community colleges  
20 covering earnings other than those paid from trust and  
21 federal funds, shall be payable solely from appropriations to  
22 the Illinois Community College Board or the System for  
23 employer contributions.

24 (d) Beginning in State fiscal year 1996, the required  
25 State contributions to the System shall be appropriated  
26 directly to the System and shall be payable through vouchers  
27 issued in accordance with subsection (c) of Section 15-165.

28 (e) The State Comptroller shall draw warrants payable to  
29 the System upon proper certification by the System or by the  
30 employer in accordance with the appropriation laws and this  
31 Code.

32 (f) Normal costs under this Section means liability for  
33 pensions and other benefits which accrues to the System  
34 because of the credits earned for service rendered by the

1 participants during the fiscal year and expenses of  
2 administering the System, but shall not include the principal  
3 of or any redemption premium or interest on any bonds issued  
4 by the board or any expenses incurred or deposits required in  
5 connection therewith.

6 (Source: P.A. 89-602, eff. 8-2-96; 90-576, eff. 3-31-98.)

7 (40 ILCS 5/15-165) (from Ch. 108 1/2, par. 15-165)  
8 Sec. 15-165. To certify amounts and submit vouchers.

9 (a) The Board shall certify to the Governor on or before  
10 November 15 of each year the appropriation required from  
11 State funds for the purposes of this System for the following  
12 fiscal year. The certification shall include a copy of the  
13 actuarial recommendations upon which it is based.

14 (b) The Board shall certify to the State Comptroller or  
15 employer, as the case may be, from time to time, by its  
16 president and secretary, with its seal attached, the amounts  
17 payable to the System from the various funds.

18 (c) Beginning in State fiscal year 1996, on or as soon  
19 as possible after the 15th day of each month the Board shall  
20 submit vouchers for payment of State contributions to the  
21 System, in a total monthly amount of one-twelfth of the  
22 required annual State contribution certified under subsection  
23 (a). These vouchers shall be paid by the State Comptroller  
24 and Treasurer by warrants drawn on the funds appropriated to  
25 the System for that fiscal year.

26 If in any month the amount remaining unexpended from all  
27 other appropriations to the System for the applicable fiscal  
28 year (including the appropriations to the System under  
29 Section 8.12 of the State Finance Act and Section 1 of the  
30 State Pension Funds Continuing Appropriation Act) is less  
31 than the amount lawfully vouchered under this Section, the  
32 difference shall be paid from the General Revenue Fund under  
33 the continuing appropriation authority provided in Section

1 1.1 of the State Pension Funds Continuing Appropriation Act.

2 (d) So long as the payments received are the full amount  
3 lawfully vouchered under this Section, payments received by  
4 the System under this Section shall be applied first toward  
5 the employer contribution to the self-managed plan  
6 established under Section 15-158.2. Payments shall be  
7 applied second toward the employer's portion of the normal  
8 costs of the System, as defined in subsection (f) of Section  
9 15-155. The balance shall be applied toward the unfunded  
10 actuarial liabilities of the System.

11 (e) In the event that the System does not receive, as a  
12 result of legislative enactment or otherwise, payments  
13 sufficient to fully fund the employer contribution to the  
14 self-managed plan established under Section 15-158.2 and to  
15 fully fund that portion of the employer's portion of the  
16 normal costs of the System, as calculated in accordance with  
17 subsections (a-1) and (a-2) of Section 15-155 ~~15-155(a-1)~~,  
18 then any payments received shall be applied proportionately  
19 to the optional retirement program established under Section  
20 15-158.2 and to the employer's portion of the normal costs of  
21 the System, as calculated in accordance with subsections  
22 (a-1) and (a-2) of Section 15-155 ~~15-155(a-1)~~.

23 (Source: P.A. 90-448, eff. 8-16-97; 90-766, eff. 8-14-98.)

24 (40 ILCS 5/16-133.1) (from Ch. 108 1/2, par. 16-133.1)  
25 Sec. 16-133.1. Automatic annual increase in annuity.

26 (a) Each member with creditable service and retiring on  
27 or after August 26, 1969 is entitled to the automatic annual  
28 increases in annuity provided under this Section while  
29 receiving a retirement annuity or disability retirement  
30 annuity from the system.

31 An annuitant shall first be entitled to an initial  
32 increase under this Section on the January 1 next following  
33 the first anniversary of retirement, or January 1 of the year

1 next following attainment of age 61, whichever is later. At  
2 such time, the system shall pay an initial increase  
3 determined as follows:

4 (1) 1.5% of the originally granted retirement  
5 annuity or disability retirement annuity multiplied by  
6 the number of years elapsed, if any, from the date of  
7 retirement until January 1, 1972, plus

8 (2) 2% of the originally granted annuity multiplied  
9 by the number of years elapsed, if any, from the date of  
10 retirement or January 1, 1972, whichever is later, until  
11 January 1, 1978, plus

12 (3) 3% of the originally granted annuity multiplied  
13 by the number of years elapsed from the date of  
14 retirement or January 1, 1978, whichever is later, until  
15 the effective date of the initial increase.

16 However, the initial annual increase calculated under this  
17 Section for the recipient of a disability retirement annuity  
18 granted under Section 16-149.2 shall be reduced by an amount  
19 equal to the total of all increases in that annuity received  
20 under Section 16-149.5 (but not exceeding 100% of the amount  
21 of the initial increase otherwise provided under this  
22 Section).

23 Following the initial increase, automatic annual  
24 increases in annuity shall be payable on each January 1  
25 thereafter during the lifetime of the annuitant, determined  
26 as a percentage of the originally granted retirement annuity  
27 or disability retirement annuity for increases granted prior  
28 to January 1, 1990, and calculated as a percentage of the  
29 total amount of annuity, including previous increases under  
30 this Section, for increases granted on or after January 1,  
31 1990, as follows: 1.5% for periods prior to January 1, 1972,  
32 2% for periods after December 31, 1971 and prior to January  
33 1, 1978, and 3% for periods after December 31, 1977.

34 (b) The automatic annual increases in annuity provided

1 under this Section shall not be applicable unless a member  
2 has made contributions toward such increases for a period  
3 equivalent to one full year of creditable service. If a  
4 member contributes for service performed after August 26,  
5 1969 but the member becomes an annuitant before such  
6 contributions amount to one full year's contributions based  
7 on the salary at the date of retirement, he or she may pay  
8 the necessary balance of the contributions to the system and  
9 be eligible for the automatic annual increases in annuity  
10 provided under this Section.

11 (c) Each member shall make contributions toward the cost  
12 of the automatic annual increases in annuity as provided  
13 under Section 16-152.

14 (d) An annuitant receiving a retirement annuity or  
15 disability retirement annuity on July 1, 1969, who  
16 subsequently re-enters service as a teacher is eligible for  
17 the automatic annual increases in annuity provided under this  
18 Section if he or she renders at least one year of creditable  
19 service following the latest re-entry.

20 (e) In addition to the automatic annual increases in  
21 annuity provided under this Section, an annuitant who meets  
22 the service requirements of this Section and whose retirement  
23 annuity or disability retirement annuity began on or before  
24 January 1, 1971 shall receive, on January 1, 1981, an  
25 increase in the annuity then being paid of one dollar per  
26 month for each year of creditable service. On January 1,  
27 1982, an annuitant whose retirement annuity or disability  
28 retirement annuity began on or before January 1, 1977 shall  
29 receive an increase in the annuity then being paid of one  
30 dollar per month for each year of creditable service.

31 On January 1, 1987, any annuitant whose retirement  
32 annuity began on or before January 1, 1977, shall receive an  
33 increase in the monthly retirement annuity equal to 8¢ per  
34 year of creditable service times the number of years that

1 have elapsed since the annuity began.

2 (f) On July 1, 2001, every annuitant who began receiving  
3 a retirement annuity before January 1, 1980 shall have the  
4 monthly retirement annuity increased by whichever of the  
5 following percentages is applicable:

- 6 5% if the annuity began in 1979;
- 7 10% if the annuity began in 1978;
- 8 14% if the annuity began in 1977;
- 9 14% if the annuity began in 1976;
- 10 18% if the annuity began in 1975;
- 11 23% if the annuity began in 1974;
- 12 32% if the annuity began in 1973 or before.

13 The increase under this subsection shall be calculated as  
14 a percentage of the amount of the retirement annuity payable  
15 on June 30, 2001, including any increases previously received  
16 under this Article, and shall be included in the calculation  
17 of increases granted thereafter under subsection (a).

18 (Source: P.A. 91-927, eff. 12-14-00.)

19 (40 ILCS 5/16-134.1 new)

20 Sec. 16-134.1. Reduction of purchasing power; policy;  
21 report; increase.

22 (a) The General Assembly finds and declares that:

23 (1) The purchasing power of a fixed annuity can be  
24 eroded over time by the effects of inflation and  
25 increases in the general cost of living.

26 (2) For a person whose income consists primarily of  
27 a fixed annuity, the reduction in purchasing power  
28 resulting from increases in the cost of living can become  
29 catastrophic over time, transforming a once-comfortable  
30 retirement into a time of poverty and need.

31 (3) The State of Illinois is concerned about the  
32 effects that a significant reduction in purchasing power  
33 can have on the quality of life of retired employees and

1 their survivors.

2 (4) The General Assembly has previously addressed  
3 this concern by providing for automatic annual increases  
4 in retirement and survivor's annuities under this  
5 Article. Recognizing that these automatic annual  
6 increases, by themselves, are not a complete answer in  
7 times of high inflation, the General Assembly has also,  
8 from time to time, provided specific one-time increases  
9 in annuities for certain categories of annuitants.

10 (b) It is the public policy of this State and the  
11 intention of the General Assembly to protect annuitants  
12 against significant decreases in the purchasing power of the  
13 retirement and survivor's annuities granted under this  
14 Article.

15 (c) The System shall regularly review the changes that  
16 have occurred in the purchasing power of the retirement and  
17 survivor's annuities being paid under this Article, and it  
18 shall report to the General Assembly, the Governor, and the  
19 Pension Laws Commission whenever it determines that the  
20 original purchasing power of those annuities has been reduced  
21 by 20% or more for any category or group of annuitants. The  
22 System may include in the report its recommendations, if any,  
23 for legislative action to address its findings.

24 (40 ILCS 5/16-143.1) (from Ch. 108 1/2, par. 16-143.1)  
25 Sec. 16-143.1. Increase in survivor benefits.

26 (a) Beginning January 1, 1990, each survivor's benefit  
27 and each reversionary annuity payable under Section 16-136  
28 shall be increased by 3% of the currently payable amount  
29 thereof (1) on each January 1 occurring on or after the  
30 commencement of the annuity if the deceased teacher died  
31 while receiving a retirement or disability retirement  
32 annuity, or (2) in other cases, on each January 1 occurring  
33 on or after the first anniversary of the granting of the

1 benefit, without regard to whether the deceased teacher was  
2 in service on or after the effective date of this amendatory  
3 Act of 1991, but such increases shall not accrue for any  
4 period prior to January 1, 1990.

5 (b) On January 1, 1981, any beneficiary who was  
6 receiving a survivor's monthly benefit on or before January  
7 1, 1971, shall have the benefit then being paid increased by  
8 1% for each full year elapsed from the date the survivor's  
9 benefit began. On January 1, 1982, any beneficiary who began  
10 receiving a survivor's monthly benefit after January 1, 1971,  
11 but before January 1, 1981 shall have the benefit then being  
12 paid increased by 1% for each year elapsed from the date the  
13 survivor's benefit began.

14 On January 1, 1987, any beneficiary whose monthly  
15 survivor's benefit began on or before January 1, 1977, shall  
16 have the monthly survivor's benefit increased by \$1 for each  
17 full year which has elapsed since the date the survivor's  
18 benefit began.

19 (c) On July 1, 2001, every recipient of a survivor's  
20 annuity whose original annuity began before January 1, 1980  
21 shall have the monthly survivor's annuity increased by  
22 whichever of the following percentages is applicable:

- 23 5% if the original annuity began in 1979;
- 24 10% if the original annuity began in 1978;
- 25 14% if the original annuity began in 1977;
- 26 14% if the original annuity began in 1976;
- 27 18% if the original annuity began in 1975;
- 28 23% if the original annuity began in 1974;
- 29 32% if the original annuity began in 1973 or before.

30 In the case of the survivor of a deceased annuitant who  
31 died while receiving a retirement annuity, "original annuity"  
32 means the deceased annuitant's retirement annuity; in all  
33 other cases, "original annuity" means the survivor's annuity.

34 The increase under this subsection shall be calculated as

1 a percentage of the amount of the survivor's annuity payable  
2 on June 30, 2001, including any increases previously received  
3 under this Article, and shall be included in the calculation  
4 of increases granted thereafter under subsection (a).

5 (Source: P.A. 86-273; 86-1488.)

6 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)

7 Sec. 16-158. Contributions by State and other employing  
8 units.

9 (a) The State shall make contributions to the System by  
10 means of appropriations from the Common School Fund and other  
11 State funds of amounts which, together with other employer  
12 contributions, employee contributions, investment income, and  
13 other income, will be sufficient to meet the cost of  
14 maintaining and administering the System on a 90% funded  
15 basis in accordance with actuarial recommendations.

16 The Board shall determine the amount of State  
17 contributions required for each fiscal year on the basis of  
18 the actuarial tables and other assumptions adopted by the  
19 Board and the recommendations of the actuary, using the  
20 formulae formula in subsection (b-3) and subsection (b-4).  
21 The minimum contribution to the System to be made by the  
22 State for each fiscal year shall be the sum of the amount  
23 determined under subsection (b-3) and the amount determined  
24 under subsection (b-4).

25 (a-1) Annually, on or before November 15, the board  
26 shall certify to the Governor the amount of the required  
27 State contribution for the coming fiscal year. The  
28 certification shall include a copy of the actuarial  
29 recommendations upon which it is based.

30 (b) Through State fiscal year 1995, the State  
31 contributions shall be paid to the System in accordance with  
32 Section 18-7 of the School Code.

33 (b-1) Beginning in State fiscal year 1996, on the 15th

1 day of each month, or as soon thereafter as may be  
2 practicable, the Board shall submit vouchers for payment of  
3 State contributions to the System, in a total monthly amount  
4 of one-twelfth of the required annual State contribution  
5 certified under subsection (a-1). These vouchers shall be  
6 paid by the State Comptroller and Treasurer by warrants drawn  
7 on the funds appropriated to the System for that fiscal year.

8 If in any month the amount remaining unexpended from all  
9 other appropriations to the System for the applicable fiscal  
10 year (including the appropriations to the System under  
11 Section 8.12 of the State Finance Act and Section 1 of the  
12 State Pension Funds Continuing Appropriation Act) is less  
13 than the amount lawfully vouchered under this subsection, the  
14 difference shall be paid from the Common School Fund under  
15 the continuing appropriation authority provided in Section  
16 1.1 of the State Pension Funds Continuing Appropriation Act.

17 (b-2) Allocations from the Common School Fund  
18 apportioned to school districts not coming under this System  
19 shall not be diminished or affected by the provisions of this  
20 Article.

21 (b-3) For State fiscal years 2011 through 2045, the  
22 minimum contribution to the System to be made by the State  
23 for each fiscal year shall be an amount determined by the  
24 System to be sufficient to bring the total assets of the  
25 System up to 90% of the total actuarial liabilities of the  
26 System (other than the liabilities described in subsection  
27 (b-4) of this Section) by the end of State fiscal year 2045.  
28 In making these determinations, the required State  
29 contribution shall be calculated each year as a level  
30 percentage of payroll over the years remaining to and  
31 including fiscal year 2045 and shall be determined under the  
32 projected unit credit actuarial cost method.

33 For State fiscal years 1996 through 2010, the State  
34 contribution to the System, as a percentage of the applicable

1 employee payroll, shall be increased in equal annual  
 2 increments so that by State fiscal year 2011, the State is  
 3 contributing at the rate required under this Section; except  
 4 that in the following specified State fiscal years, the State  
 5 contribution to the System shall not be less than the  
 6 following indicated percentages of the applicable employee  
 7 payroll, even if the indicated percentage will produce a  
 8 State contribution in excess of the amount otherwise required  
 9 under this subsection and subsection (a), and notwithstanding  
 10 any contrary certification made under subsection (a-1) before  
 11 the effective date of this amendatory Act of 1998: 10.02% in  
 12 FY 1999; 10.77% in FY 2000; 11.47% in FY 2001; 12.16% in FY  
 13 2002; 12.86% in FY 2003; 13.56% in FY 2004; 14.25% in FY  
 14 2005; 14.95% in FY 2006; 15.65% in FY 2007; 16.34% in FY  
 15 2008; 17.04% in FY 2009; and 17.74% in FY 2010.

16 Beginning in State fiscal year 2046, the minimum State  
 17 contribution for each fiscal year shall be the amount needed  
 18 to maintain the total assets of the System at 90% of the  
 19 total actuarial liabilities of the System.

20 (b-4) The cost of the one-time increases granted by this  
 21 amendatory Act of the 92nd General Assembly under subsection  
 22 (f) of Section 16-133.1 and subsection (c) of Section  
 23 16-143.1 shall be paid by the State on a level dollar basis  
 24 over a period of 10 years beginning July 1, 2003. These  
 25 contributions are in addition to, and shall not be included  
 26 in the calculation of, the State contribution required under  
 27 subsection (b-3).

28 (c) Payment of the required State contributions and of  
 29 all pensions, retirement annuities, death benefits, refunds,  
 30 and other benefits granted under or assumed by this System,  
 31 and all expenses in connection with the administration and  
 32 operation thereof, are obligations of the State.

33 If members are paid from special trust or federal funds  
 34 which are administered by the employing unit, whether school

1 district or other unit, the employing unit shall pay to the  
2 System from such funds the full accruing retirement costs  
3 based upon that service, as determined by the System.  
4 Employer contributions, based on salary paid to members from  
5 federal funds, may be forwarded by the distributing agency of  
6 the State of Illinois to the System prior to allocation, in  
7 an amount determined in accordance with guidelines  
8 established by such agency and the System.

9 (d) Effective July 1, 1986, any employer of a teacher as  
10 defined in paragraph (8) of Section 16-106 shall pay the  
11 employer's normal cost of benefits based upon the teacher's  
12 service, in addition to employee contributions, as determined  
13 by the System. Such employer contributions shall be  
14 forwarded monthly in accordance with guidelines established  
15 by the System.

16 However, with respect to benefits granted under Section  
17 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)  
18 of Section 16-106, the employer's contribution shall be 12%  
19 (rather than 20%) of the member's highest annual salary rate  
20 for each year of creditable service granted, and the employer  
21 shall also pay the required employee contribution on behalf  
22 of the teacher. For the purposes of Sections 16-133.4 and  
23 16-133.5, a teacher as defined in paragraph (8) of Section  
24 16-106 who is serving in that capacity while on leave of  
25 absence from another employer under this Article shall not be  
26 considered an employee of the employer from which the teacher  
27 is on leave.

28 (e) Beginning July 1, 1998, every employer of a teacher  
29 shall pay to the System an employer contribution computed as  
30 follows:

31 (1) Beginning July 1, 1998 through June 30, 1999,  
32 the employer contribution shall be equal to 0.3% of each  
33 teacher's salary.

34 (2) Beginning July 1, 1999 and thereafter, the

1 employer contribution shall be equal to 0.58% of each  
2 teacher's salary.

3 The school district or other employing unit may pay these  
4 employer contributions out of any source of funding available  
5 for that purpose and shall forward the contributions to the  
6 System on the schedule established for the payment of member  
7 contributions.

8 These employer contributions are intended to offset a  
9 portion of the cost to the System of the increases in  
10 retirement benefits resulting from this amendatory Act of  
11 1998.

12 The additional 1% employee contribution required under  
13 Section 16-152 by this amendatory Act of 1998 is the  
14 responsibility of the teacher and not the teacher's employer,  
15 unless the employer agrees, through collective bargaining or  
16 otherwise, to make the contribution on behalf of the teacher.

17 If an employer is required by a contract in effect on May  
18 1, 1998 between the employer and an employee organization to  
19 pay, on behalf of all its full-time employees covered by this  
20 Article, all mandatory employee contributions required under  
21 this Article, then the employer shall be excused from paying  
22 the employer contribution required under this subsection (e)  
23 for the balance of the term of that contract. The employer  
24 and the employee organization shall jointly certify to the  
25 System the existence of the contractual requirement, in such  
26 form as the System may prescribe. This exclusion shall cease  
27 upon the termination, extension, or renewal of the contract  
28 at any time after May 1, 1998.

29 (Source: P.A. 90-582, eff. 5-27-98.)

30 (40 ILCS 5/17-119) (from Ch. 108 1/2, par. 17-119)

31 Sec. 17-119. Automatic annual increase in pension.

32 (a) Each teacher retiring on or after September 1, 1959,  
33 is entitled to the annual increase in pension, defined

1 herein, while he is receiving a pension from the Fund.

2 1. The term "base pension" means a service  
3 retirement or disability retirement pension in the amount  
4 fixed and payable at the date of retirement of a teacher.

5 2. The annual increase in pension shall be at the  
6 rate of 1 1/2% of base pension. This increase shall first  
7 occur in January of the year next following the first  
8 anniversary of retirement. At such time the Fund shall  
9 pay the pro rata part of the increase for the period from  
10 the first anniversary date to the date of the first  
11 increase in pension. Beginning January 1, 1972, the rate  
12 of annual increase in pension shall be 2% of the base  
13 pension. Beginning January 1, 1979, the rate of annual  
14 increase in pension shall be 3% of the base pension.  
15 Beginning January 1, 1990, all automatic annual increases  
16 payable under this Section shall be calculated as a  
17 percentage of the total pension payable at the time of  
18 the increase, including all increases previously granted  
19 under this Article, notwithstanding Section 17-157.

20 3. An increase in pension shall be granted only if  
21 the retired teacher is age 60 or over. If the teacher  
22 attains age 60 after retirement, the increase in pension  
23 shall begin in January of the year following the 61st  
24 birthday. At such time the Fund also shall pay the pro  
25 rata part of the increase from the 61st birthday to the  
26 date of first increase in pension.

27 (b) In addition to other increases which may be provided  
28 by this Section, on January 1, 1981 any teacher who was  
29 receiving a retirement pension on or before January 1, 1971  
30 shall have his retirement pension then being paid increased  
31 \$1 per month for each year of creditable service. On January  
32 1, 1982, any teacher whose retirement pension began on or  
33 before January 1, 1977, shall have his retirement pension  
34 then being paid increased \$1 per month for each year of

1 creditable service.

2 On January 1, 1987, any teacher whose retirement pension  
3 began on or before January 1, 1977, shall have the monthly  
4 retirement pension increased by an amount equal to 8¢ per  
5 year of creditable service times the number of years that  
6 have elapsed since the retirement pension began.

7 (c) On July 1, 2001, every pensioner who began receiving  
8 a retirement pension before January 1, 1980 shall have the  
9 monthly retirement pension increased by whichever of the  
10 following percentages is applicable:

- 11 5% if the annuity began in 1979;
- 12 10% if the annuity began in 1978;
- 13 14% if the annuity began in 1977;
- 14 14% if the annuity began in 1976;
- 15 18% if the annuity began in 1975;
- 16 23% if the annuity began in 1974;
- 17 32% if the annuity began in 1973 or before.

18 The increase under this subsection shall be calculated as  
19 a percentage of the amount of the retirement pension payable  
20 on June 30, 2001, including any increases previously received  
21 under this Article, and shall be included in the calculation  
22 of increases granted thereafter under subsection (a).  
23 Section 17-157 does not apply to the increase provided under  
24 this subsection.

25 (Source: P.A. 90-566, eff. 1-2-98.)

26 (40 ILCS 5/17-119.2 new)

27 Sec. 17-119.2. Reduction of purchasing power; policy;  
28 report; increase.

29 (a) The General Assembly finds and declares that:

30 (1) The purchasing power of a fixed annuity can be  
31 eroded over time by the effects of inflation and  
32 increases in the general cost of living.

33 (2) For a person whose income consists primarily of

1 a fixed annuity, the reduction in purchasing power  
2 resulting from increases in the cost of living can become  
3 catastrophic over time, transforming a once-comfortable  
4 retirement into a time of poverty and need.

5 (3) The State of Illinois is concerned about the  
6 effects that a significant reduction in purchasing power  
7 can have on the quality of life of retired employees and  
8 their survivors.

9 (4) The General Assembly has previously addressed  
10 this concern by providing for automatic annual increases  
11 in retirement and survivor's pensions under this Article.  
12 Recognizing that these automatic annual increases, by  
13 themselves, are not a complete answer in times of high  
14 inflation, the General Assembly has also, from time to  
15 time, provided specific one-time increases in pensions  
16 for certain categories of pensioners.

17 (b) It is the public policy of this State and the  
18 intention of the General Assembly to protect pensioners  
19 against significant decreases in the purchasing power of the  
20 retirement and survivor's pensions granted under this  
21 Article.

22 (c) The Fund shall regularly review the changes that  
23 have occurred in the purchasing power of the retirement and  
24 survivor's pensions being paid under this Article, and it  
25 shall report to the General Assembly, the Governor, and the  
26 Pension Laws Commission whenever it determines that the  
27 original purchasing power of those pensions has been reduced  
28 by 20% or more for any category or group of pensioners. The  
29 Fund may include in the report its recommendations, if any,  
30 for legislative action to address its findings.

31 (d) As used in this Section, the term "retirement and  
32 survivor's pensions" means all service retirement pensions,  
33 disability retirement pensions, survivor's pensions, and  
34 children's pensions.

1 (40 ILCS 5/17-122) (from Ch. 108 1/2, par. 17-122)

2 Sec. 17-122. Survivor's and children's pensions - Amount.

3 (a) Upon the death of a teacher who has completed at  
4 least 1 1/2 years of contributing service with either this  
5 Fund or the State Universities Retirement System or the  
6 Teachers' Retirement System of the State of Illinois,  
7 provided his death occurred while (a) in active service  
8 covered by the Fund or during his first 18 months of  
9 continuous employment without a break in service under any  
10 other participating system as defined in the Illinois  
11 Retirement Systems Reciprocal Act except the State  
12 Universities Retirement System and the Teachers' Retirement  
13 System of the State of Illinois, (b) on a creditable leave of  
14 absence, (c) on a noncreditable leave of absence of no more  
15 than one year, or (d) a pension was deferred or pending  
16 provided the teacher had at least 10 years of validated  
17 service credit, or upon the death of a pensioner otherwise  
18 qualified for such benefit, the surviving spouse and  
19 unmarried minor children of the deceased teacher under age 18  
20 shall be entitled to pensions, under the conditions stated  
21 hereinafter. Such survivor's and children's pensions shall  
22 be based on the average of the 4 highest consecutive years of  
23 salary in the last 10 years of service or on the average  
24 salary for total service, if total service has been less than  
25 4 years, according to the following percentages:

26 30% of average salary or 50% of the retirement  
27 pension earned by the teacher, whichever is larger,  
28 subject to the prescribed maximum monthly payment, for a  
29 surviving spouse alone on attainment of age 50;

30 60% of average salary for a surviving spouse and  
31 eligible minor children of the deceased teacher.

32 If no eligible spouse survives, or the surviving spouse  
33 remarries, or the parent of the children of the deceased  
34 member is otherwise ineligible for a survivor's pension, a

1 children's pension for eligible minor children under age 18  
2 shall be paid to their parent or legal guardian for their  
3 benefit according to the following percentages:

4 30% of average salary for one child;

5 60% of average salary for 2 or more children.

6 (b) On January 1, 1981, any survivor or child who was  
7 receiving a survivor's or children's pension on or before  
8 January 1, 1971, shall have his survivor's or children's  
9 pension then being paid increased by 1% for each full year  
10 which has elapsed from the date the pension began. On  
11 January 1, 1982, any survivor or child whose pension began  
12 after January 1, 1971, but before January 1, 1981, shall have  
13 his survivor's or children's pension then being paid  
14 increased 1% for each full year which has elapsed from the  
15 date the pension began. On January 1, 1987, any survivor or  
16 child whose pension began on or before January 1, 1977, shall  
17 have the monthly survivor's or children's pension increased  
18 by \$1 for each full year which has elapsed since the pension  
19 began.

20 (c) On July 1, 2001, every survivor or child who began  
21 receiving a survivor's or children's pension before January  
22 1, 1980 shall have the monthly pension increased by whichever  
23 of the following percentages is applicable:

24 5% if the original annuity began in 1979;

25 10% if the original annuity began in 1978;

26 14% if the original annuity began in 1977;

27 14% if the original annuity began in 1976;

28 18% if the original annuity began in 1975;

29 23% if the original annuity began in 1974;

30 32% if the original annuity began in 1973 or before.

31 In the case of the survivor of a deceased annuitant who  
32 died while receiving a retirement annuity, "original annuity"  
33 means the deceased annuitant's retirement pension; in all  
34 other cases, "original annuity" means the survivor's or

1 children's pension.

2 The increase under this subsection shall be calculated as  
3 a percentage of the amount of the survivor's or children's  
4 pension payable on June 30, 2001, including any increases  
5 previously received under this Article, and shall be included  
6 in the calculation of increases granted thereafter under  
7 subsection (d). Section 17-157 does not apply to the  
8 increase provided under this subsection.

9 (d) Beginning January 1, 1990, every survivor's and  
10 children's pension shall be increased (1) on each January 1  
11 occurring on or after the commencement of the pension if the  
12 deceased teacher died while receiving a retirement pension,  
13 or (2) in other cases, on each January 1 occurring on or  
14 after the first anniversary of the commencement of the  
15 pension, by an amount equal to 3% of the current amount of  
16 the pension, including all increases previously granted under  
17 this Article, notwithstanding Section 17-157. Such increases  
18 shall apply without regard to whether the deceased teacher  
19 was in service on or after the effective date of this  
20 amendatory Act of 1991, but shall not accrue for any period  
21 prior to January 1, 1990.

22 (e) Subject to the minimum established below, the  
23 maximum amount of pension for a surviving spouse alone or one  
24 minor child shall be \$400 per month, and the maximum combined  
25 pensions for a surviving spouse and children of the deceased  
26 teacher shall be \$600 per month, with individual pensions  
27 adjusted for all beneficiaries pro rata to conform with this  
28 limitation. If proration is unnecessary the minimum  
29 survivor's and children's pensions shall be \$40 per month.  
30 The minimum total survivor's and children's pension payable  
31 upon the death of a contributor or annuitant which occurs  
32 after December 31, 1986, shall be 50% of the earned  
33 retirement pension of such contributor or annuitant,  
34 calculated without early retirement discount in the case of

1 death in service.

2 On death after retirement, the total survivor's and  
3 children's pensions shall not exceed the monthly retirement  
4 or disability pension paid to the deceased retirant.  
5 Survivor's and children's benefits described in this Section  
6 shall apply to all service and disability pensioners eligible  
7 for a pension as of July 1, 1981.

8 (Source: P.A. 90-32, eff. 6-27-97; 90-566, eff. 1-2-98.)

9 Section 90. The State Mandates Act is amended by adding  
10 Section 8.25 as follows:

11 (30 ILCS 805/8.25 new)

12 Sec. 8.25. Exempt mandate. Notwithstanding Sections 6  
13 and 8 of this Act, no reimbursement by the State is required  
14 for the implementation of any mandate created by this  
15 amendatory Act of the 92nd General Assembly.

16 Section 99. Effective date. This Act takes effect upon  
17 becoming law.